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JAPAN'S SERVICE INDUSTRY AND SERVICE TRADE: AN OVERVIEW

Summary

Since JEI last looked at Japan's service sector (JEI Report No. 45A, November 19, 1982) and service trade (JEI Report No. 43, November 13, 1981), the Japanese economy has clearly made the transition to the post-industrial stage of economic development. Japanese policymakers, however, see the trend against a background of shifting social and even spiritual conditions and they have coined a new phrase to describe it: softnomization.

Because individual service industries have been examined in depth in the two previous reports, this study will only touch on major trends and developments since 1980. In addition, it will examine the revolution that is under way in Japan's trade in services and describe the problems of accurately estimating the volume and value of service trade flows.

Introduction

While the debate over the consequences of entering the post-industrial stage of economic development has been raging in the United States for more than a decade, it is still new in Japan. If it is interpreted to mean the substitution of services for manufacturing as the engine of economic growth, the Japanese economy has been in transition since the early 1970s. The share of gross domestic product produced by the tertiary (service) sector was already 57.2 percent in 1970. (If one excludes government services, the tertiary sector topped the 50 percent mark a few years later.) In terms of employment, 53.2 percent of all workers held service sector jobs in 1970, or if the

government sector is omitted, more than half of the labor force held non-manufacturing or non-primary industry (agriculture, forestry, fishing and mining) jobs by 1975.

The move away from manufacturing into services is a logical evolution. As a resource-poor nation, Japan's existence depends entirely on the value added in the production process. The Japanese economy has concentrated on the production of manufactures for expansion, and still does so with great success today. The next step is to focus on services rather than goods. The computer revolution has given a powerful boost to this evolution. Information is recognized as the key to Japan's future prosperity and the information industry is probably the fastest growing sector of the economy. Although this process is rooted in economic factors, social changes have been important in its rapid growth.

Compared with the decade immediately after World War II, Japanese society in the 1980s is rich in material possessions. The percentage of people owning homes, modern kitchen and entertainment appliances, recreational equipment and automobiles is so high as to warrant the word "miracle" when describing the country's economic reconstruction. Having achieved this abundance, the Japanese are beginning to focus on the quality of life. Since this change puts a premium on health, convenience, leisure, and even fashion, the development of the service sector takes on new importance.

A demographic change is also at work. Women used to figure as transients in the labor force; the percentage of women in the job market increased and decreased as the business cycle rose and fell. Currently, however, the proportion of working women is more stable. According to surveys, close to a majority of Japanese women would like to work. Moreover, while women who could not find employment in the past tended to stop job-hunting and accordingly disappeared from the employment statistics, an increasing number now choose to stay in the pool of active job seekers. This has pushed the unemployment rate up to relatively high levels that are insensitive to economic prosperity. As a major employer of women, the service sector's rapid growth has helped to obscure this fact until recently. Actually, women hold the majority of positions in the service industry, a unique situation compared with the rest of the economy.

Most recently, a switch in government policy has given new impetus to the expansion of the service sector. Tokyo's traditionally heavy economic hand has begun to loosen. Under the guise of administrative reform -- streamlining the government to improve efficiency -- significant moves toward deregulation have been made in key markets, including finance and telecommunications. By subjecting these markets to new levels of competitive pressure, existing companies are being forced to improve their services and startup ventures are offering entirely new services. Particularly in the domestic telecommunications market, the surrender of the government's monopoly has opened up new horizons of entrepreneurial endeavor for small and large companies alike. If the policy of deregulation continues to expand, the economic impact will be massive.

The structural changes that underpin the switch to the service sector are therefore economic, social and political. The consequences of such an immense adjustment are just beginning to be felt, and there is now increasing recognition that Japan does not have good statistics to use as a guide.

The Service Sector vs. Service Industries

In the previous discussion, the service, or tertiary, sector included all economic activities except agriculture, forestry, fisheries and mining (the primary sector), or manufacturing (the secondary sector). This approach is clearly too broad since it includes the provision of public and private services as well as industries such as construction, utilities, real estate, publishing and printing. For the purposes of this analysis, therefore, these industries and public services will be omitted.

"Softnomics," according to a Ministry of Finance advisory panel that proposed the term, is the adaptation of economic management to changing socio-economic conditions. Although this is not a new idea, the degree of emphasis placed on non-material and labor inputs and intangible factors appears to be much greater. In order to truly grasp its implications and development, however, "a revision of the existing statistical and industrial classifications," as well as the "reassessment of the meaning of GNP and the role of government," are required. The advisory panel suggests two measures to calculate the degree of softnomization in each industry: non-material inputs divided by material plus non-material inputs yields Soft Ratio A; and non-material inputs plus labor inputs divided by total production costs gives Soft Ratio B. Non-material inputs include a wide range of costs: wholesaling and retailing, business services, food services, transport, commissions, and so on.

Although there are some measurement problems, the Ministry of Finance calculated Soft Ratio A for every industry from 1965 to 1980 to illustrate that non-material input ratios are increasing in nearly every industry. Furthermore, according to MOF, industries with a Soft Ratio B of greater than 60 percent accounted for over 31 percent of all industries in 1980, up strongly from 1970's 11 percent level. The economic revolution is more complex, however, than these simple ratios indicate.

Prominent Features of the Service Revolution

The explosion of demand for information created fissures throughout the economy, allowing the service revolution to permeate all areas of economic life. Information is the key to more efficient manufacturing, distribution, marketing and financial management. Providing this information as well as supplying the equipment to collect, store, analyze and transmit it has proven to be very fertile ground for service companies. Once dominated by the large electronics manufacturers, the information industry has attracted a host of small businesses offering innovative products. Beyond the direct impact that information and information equipment may have on a firm's primary line of business, it often opens new business opportunities. For example, small regional banks, after pooling their resources to install an automated teller machine network to match those offered by larger competitors, decided to use this new network to start a mail order business targeted at their depositors.

Further incentives emerged as a result of the redistribution of disposable income between consumer durables and services. The material

affluence of the average Japanese consumer has meant that an increasing amount of income can be spent on leisure activities, education, or personal services. As in the United States, Japanese consumers are putting greater emphasis on convenience and physical and mental health, leading to the development of a whole range of new service industries.

Services aimed at women are related to this affluence. Working and non-working women today demand services that were once luxuries: cosmetic surgery, exercise classes, art classes, individual design services, domestic services and numerous leisure activities. Increasing numbers of women are also consuming non-traditional services, such as relaxing at liquor or coffee bars with co-workers or friends. With these points in mind, an industry-by-industry overview is more informative.

Industry Cameos

Transportation - Sea and air transport services are presently regulated by the government and thus have not participated fully in the general service boom. In addition to being hobbled by a global glut of capacity, Japanese shipping firms are experiencing new pressures from foreign competitors. One innovation with which they will have to cope is a global information system recently installed by an American shipping company to provide detailed and immediate information on the status and cost of shipments, as well as shipping schedules and availability.

Japan's air transportation industry may be on the verge of a shake-up because the government is considering deregulating both passenger and cargo operations. Although the level of competition among Japanese carriers is intense, it is not the all-out war that characterizes the U.S. industry. There are no Japanese equivalents to this country's low-cost, no-frills airlines, and no "frequent flyer" bonus plans, except for Japan Air Lines Co., Ltd.'s, which is aimed at international passengers.

Nevertheless, in order to keep abreast of developments, Japanese air carriers are considering a number of improvements in non-material inputs. An important one is the extension of integrated information management to maintenance activities. Several U.S. airlines already have installed computerized maintenance programs that have yielded appreciable reductions in cost and improvements in service. It is almost certain that this type of system will be adopted throughout the industry.

Land transport has undergone a significant structural change, mainly as a result of deregulation. Overnight and door-to-door delivery services have prospered since the government allowed them to compete with the postal service. Because facsimile machines are nearly universal in Japanese offices, delivery companies have concentrated on serving households. Just as in the United States, the degree of competition is intense. One innovation Japanese firms have developed is the use of numerous small retail stores as regular pick-up points, which saves the companies money while providing convenient facilities to customers.

Distribution - Because of the effects of government regulation, the distribution sector has been unevenly affected by the "softening" of the economy. Current laws give existing small retail stores a major say in whether a retail outlet of a specific size or larger can be established in their

neighborhood. Japan's distribution network is widely criticized as outmoded and inefficient, but where there is freedom to change, companies in this industry have moved aggressively.

The information revolution has had a strong impact on this sector. Utilizing point-of-sale terminals, retailers and wholesalers can more accurately track consumer tastes and preferences, allowing them to respond properly and in a timely fashion to changing demand. Integrated data and communications networks are also improving the efficiency of the distribution system by linking manufacturers, wholesalers and retailers.

The most important change has been the industry-wide introduction of mail ordering. Traditional mail order houses have suffered from a poor image until recently. By improving after-sales service and instituting stricter quality requirements, these companies have significantly improved their standing with consumers. Many mail order firms are now making the move into electronic networks, which promise new levels of convenience. Large and small retailers are fighting back with electronic networks of their own. The business has proved so attractive that concerns that have nothing to do with retailing, including the regional banks cited earlier, for example, are diversifying into mail order operations. If the national integrated telephone, video and data network proposed by Nippon Telegraph and Telephone Corp. becomes a reality, the distribution industry will be fundamentally altered.

Financial Services - This sector has been shaken from top to bottom in recent years by government deregulation. Given Japan's high personal savings rate, profitable corporations, significant private pension programs, and maturing equity markets, financial markets have grown significantly. Until recently, however, the market lacked sophistication in terms of instruments available and services offered. Coinciding with strong pressure from domestic financial institutions, the yen-dollar agreement between Tokyo and Washington threw the deregulation process into forward gear. As the restrictions have fallen one by one, the competition between banks, securities companies and other financial institutions has intensified.

Brokerage services now offer Japanese investors 24-hour trading, at-home trading, and discount services on a broader selection of instruments. With better access to European money markets, Japanese securities firms have set their sights on a larger share of international financial transactions. Riding the tidal wave of funds flowing out of the country, securities firms have armed themselves with fully electronic trading systems and state-of-the-art computer equipment as they prepare for tougher international as well as domestic competition.

Japanese banks have been racing neck-and-neck with securities firms to offer customers a full range of financial services. Although Japanese law prohibits direct competition between banks and securities houses in their main lines of business, companies have been locked in a battle of one-upmanship to offer innovative financial instruments. Bankers are selling electronic banking, home banking, banking-related facilities and even unrelated services in an effort to win and keep individual and corporate clients.

The adjustment in consumer credit patterns has been less radical. Largely due to the interest of foreign firms, Japan's consumer credit market is slowly bringing itself up to date. While the number of credit cards issued is

rising, laws restricting installment credit have blunted their impact on Japanese spending patterns. The absence of a national credit reference operation continues to make consumer loans highly risky. Until the appropriate regulatory framework and informational supports are in place, the profitability of consumer credit will remain latent.

The insurance industry is also feeling the effects of financial deregulation. Despite the fact that there are more policies outstanding than there are people in Japan, vendors of life and health insurance are also responding to the more competitive environment by broadening ways for policy holders to utilize their equity and by offering higher returns on policies.

Management and consulting - The surge in international economic activity has redounded to the benefit of foreign and domestic management and consulting firms in Japan. Although it is still unusual for a Japanese company to hire outside management (except in times of financial difficulty), firms catering to the needs of foreign companies or small startup concerns have found themselves a comfortable niche. Foreign firms seeking to enter Japan's markets are wise to avail themselves of the expertise Japanese management firms offer. Small Japanese companies, on the other hand, are often interested in exploring overseas markets, but because of their limited resources, may not be willing to undertake their own foreign market research effort. Management consultants can provide the necessary overseas experience while allowing the company to maintain tight control over operations.

Unlike some of the following professional services, the management and consulting industry is mostly free of interference from the government or professional associations. While this might lead to problems with the quality of service offered, it allows for rapid growth and easy access for foreign firms. As cross investment accelerates, the market should provide plenty of room for foreign and domestic advisors.

Advertising - This is an area where Japanese companies are building an impressive global reputation. Japanese trends in advertising parallel those seen in Europe rather than the United States. U.S. advertisements are jammed with information meant to convince the buyer of the product's superiority, either in terms of performance or cachet. Japanese ads generally seek to capture the attention and imagination of the audience and only then do they establish a link with the product. From the American point of view, this approach generates ads that are startling and often humorous, but confusing as to exactly what is being promoted. Whatever the case, advertising has developed into a major industry as Japanese companies in all lines of business encounter stiffer competition.

The potential for foreign firms in Japan or Japanese firms abroad is an open question. The success of advertising is clearly dependent on a thorough understanding of local tastes, preferences and aesthetics. One trip through a major Tokyo department store is enough to convince anyone that the Japanese consumer has a highly developed sense of design and color. On the other hand, markets such as the United States present a diversity of regional attitudes and customs that might bewilder a foreign ad designer. Joint ventures may prove to be the ideal vehicle for international advertisers since they allow exchanges of expertise in respective areas.

Leasing/rental services - The rapid pace of technological change has proven a bounty to the leasing and rental business. The useful lifetimes of modern office, electronic and computer equipment have been radically shortened, making it economic to lease or rent such equipment rather than buy. The development of the industry has followed the U.S. pattern. Leasing firms tied directly to equipment manufacturers operate along with independent companies that may offer a wider range of brands.

Rental companies are also taking the U.S. approach, but with a Japanese twist. Downtown Tokyo rental stores will rent practically anything -- a reflection of space limitations within the metropolis -- and even deliver it to the doorstep and provide advice on its use. Both rental and leasing companies often offer maintenance and repair services, presenting attractive package deals to consumers.

Information services - This sector is truly the muscle behind the service revolution. According to various Japanese studies, the information industry accounts for between 35 percent and 40 percent of gross national product. Although the primary information industry (companies engaged solely in providing information services) has grown steadily to reach an estimated 20 percent of GNP, secondary information services (the labor and capital used by other businesses to provide information services) have grown much faster, moving from practically zero to a size rivaling that of the primary industry. These surprising numbers arise in part from the broad definition of the industry commonly used by researchers. This definition includes all office workers, even secretaries, but does not detract from the overall conclusion that the information industry has been a major source of growth.

The rise of the computer industry gave birth to a host of support services: software writing, training, repair and maintenance. It also made possible several new ones, including database services and data entry services, and revolutionized others, such as graphic design and engineering. As computers have become more powerful and less costly, their influence has spread throughout the economy, from agriculture and manufacturing to entertainment and education. To date, there has been ample room in the industry to accommodate both large and small firms. In general, however, small firms have proven to be more innovative and flexible in fulfilling new needs.

The software industry is an obvious choice for any high growth award. Although many major Japanese equipment manufacturers produced mainframes to run existing U.S. software, the market for smaller computers had no de facto standards. That, combined with the practice of providing customized software to each client, presented vast growth opportunities. More recently, however, the industry has found itself mired in the same slump as U.S. firms, albeit less severely. As the market shrinks, it tends to push firms into direct competition with smaller ones, and industry watchers have been predicting a shakeout.

For a number of reasons, Japan's software industry has yet to pull abreast of its American counterpart (see JEI Report No. 9B, March 8, 1985). While the quality of Japanese programs is praised by foreign experts, the industry has failed to produce innovative programs with mass market potential. It seems likely that the U.S. software industry will enjoy undisputed world dominance for some time to come.

Japanese database services are also undeveloped in comparison to the United States. Whereas a computer user in this country can tap into databases of great depth and breadth at a reasonable cost, the databases available in Japan are often quite narrow in coverage and very expensive to use. There is a movement afoot within the Ministry of International Trade and Industry and private-sector associations to establish additional databases and link them together. Such a program will obviously take a number of years to complete, although the relative absence of these products in the market should attract new companies.

Paralleling the evolution of the industry in the United States, once-flourishing data processing services have fallen on hard times. The rapid cost decline of computing power has made in-house computing facilities the rule today. In response, these firms are now considering entering the value-added network market or are diversifying their operations.

Telecommunications - Deregulation of the domestic telecommunications market could have as broad an impact as the spread of computers. With a large base of computers installed, the next logical step is to link them together. The April 1, 1985 reform of the domestic telecommunications market will help Japan achieve this goal more quickly. Telecommunications services extend beyond data transmission, and areas such as high-capacity voice/video links, local area networks, and secure communications networks are enjoying strong interest.

For the first time, private companies can compete with Nippon Telegraph and Telephone Corp. in the primary voice communications market. There are already five entrants in the head-to-head battle and more are likely to follow (see JEI Report No. 26B, July 12, 1985). Other companies have less ambitious plans: firms offering dedicated voice/data services in specific localities, particularly Tokyo, are testing the waters.

Integrated voice/video/data services for individual households are also on the drawing boards. NTT's Integrated Network System, which offers a variety of services via standard telephone lines, is currently being tested in two small cities. Private companies are also pondering similar services, especially major department stores and distributors.

The hottest area is undoubtedly integrated business communications services. Value-added networks, which allow data to be exchanged between dissimilar computer systems and provide remote processing and storage, are being offered by foreign and domestic companies of all shapes and sizes. VANs for special purposes are proliferating, while behemoths such as IBM Japan Ltd. and NTT are working on a joint VAN that could dominate the mass market. Personal computer owners have not been left out of this revolution -- computer bulletin board services are being installed, and NTT is part of a venture to establish a nationwide personal computer network.

The international communications network is also feeling the shock of deregulation. Kokusai Denshin Denwa Co., Ltd., the public company with a de facto monopoly on international circuits, has struck several bargains with foreign communications firms to provide expanded and less expensive international services. Japanese and American users will soon have access to databases in each other's countries.

Professional services - This broad category has remained a relatively minor industry in terms of value, but not impact. Some of these services, particularly the legal and medical, have been stifled by powerful professional associations and/or limited training. Changes in these industries will be slow and gradual and will not play a significant role in growth or service trade. In fact, they can lead to trade frictions, as in the case of foreign lawyers seeking to practice in Japan (see JEI Report No. 36B, September 20, 1985).

On the other hand, services such as education, engineering, architecture and design are a vital force in economic change and international trade. The Japanese family spends unstintingly on education, spurring the rise of a large number of cram schools, which in turn provide many jobs to women. Japan's engineering, architectural and design expertise is being exported throughout the world, reversing the import dependence of the immediate postwar years.

Environmental services - The Japanese concern over the quality of life is fully expressed in the development of this industry. Companies providing pollution control or waste disposal services have developed technologies to handle industrial waste products. Toxic waste disposal receives much more attention in Japan than it does here, even extending to a debate over whether ordinary disposal of mercury batteries is safe. While the domestic market is not large, the potential for overseas sale of Japanese know-how could be significant. Developing as well as industrialized countries are increasingly concerned with environmental problems.

Personal services - The affluence and changing values of Japanese society are reflected in the explosion of personal services. While entertainment, travel and food services are not new to the Japanese, today's service revolution brings a much wider variety of choices to a far greater number of people. Exercise classes, health spas, art classes, domestic errand services, and a wide range of leisure activities are within the grasp of middle-class citizens. The fact that such businesses often require only part-time work has meant that they can tap the huge reservoir of housewife labor. Although some policymakers have expressed concern that the personal service industry is not good for future economic growth because of relatively low productivity rates, Japanese consumers are quite glad to pay for these quality-of-life improvements, and it is unlikely that such jobs are a drain on the nation's labor resources.

An Overview of Japan's Service Trade

This quick outline of Japan's service sector reveals growing links with overseas markets, an assertion that is born out by balance of payments data. It should also be clear that the balance of payments data do not encompass all of the service industries for a variety of reasons (see JEI Report No. 43, November 13, 1981). First, a number of service industries have little or no involvement with the foreign sector. Second, the statistics do not catch all of the transactions -- the old rule that services are consumed where they are produced has been blurred by the increasing use of international communications networks. These exchanges of information and data are probably the fastest growing component of service trade not captured by existing statistics. Despite these shortcomings, the balance of payments data are one of the few bits of information that we have and it can at least indicate general trends.

Table 1 presents data on Japan's global trade in services, while Table 2 gives the Japan-U.S. picture. The growth of service trade has outpaced the growth of trade in goods, although the latter remains much larger in absolute size. Paradoxically, however, the total value of services in Japan-U.S. trade has actually fallen relative to the total value of goods since 1980. After rising from 46 percent of total goods trade in 1980 to 49 percent in 1982, services dropped to 36 percent in 1984. In absolute terms, services made relatively steady headway throughout the five-year period.

Although Japan's net balance in services remains negative, the gap has been closing since 1980, primarily because of the increasing surplus of investment income. Given the big capital outflow of the past two years, this trend will continue, exacerbating the current account surplus.

From a bilateral viewpoint, Japan's service deficit has behaved erratically over the past five years, but has tended to contract. The categories that have shown the greatest growth are investment income and other private transactions, which include management, patent and other fees. As a general indicator of the flow of technology transfers, patent royalties show that Japan's technology is an increasingly marketable commodity.

Outlook

From the data available, it is clear that Japan's service sector and service trade will play an increasingly important economic role. If planned multilateral talks are successful at reducing barriers to trade in services, Japan will certainly benefit along with the United States. The main task facing government leaders is how to integrate the service revolution into the decision-making framework. Indeed, as the search for sustainable economic growth continues, industrial countries will be forced to devote more of their attention to the service sector.

Data deficiencies are probably the biggest roadblock to a better understanding of the impact and international flows of the service sector. Whereas trade statistics for goods are quite detailed, statistics on services are highly aggregated. There are numerous problems involved in the collection and valuation of data, including how to get companies to report service transactions, how to put a value on them, and even how to separate them into groups. Nevertheless, changes are in motion within the United States and Japan to ameliorate this situation.

The potential for conflict in service trade exists, as illustrated by the current dispute over foreign lawyers in Japan, but is outweighed by the opportunities for cooperation. As the leading information-oriented economies, the United States and Japan are endowed with large markets and high levels of expertise. With both governments moving to deregulate many service industries, businessmen on both sides of the Pacific appear eager to continue the service revolution.

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The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

Table 1: Japan's Balance of Payments in Services

(in millions of dollars, IMF basis)

	1980			1981			1982			1983			1984		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Transportation	\$12,991	\$7,334	\$-4,343	\$15,356	\$8,516	\$-3,160	\$13,308	\$16,729	\$-3,421	\$12,221	\$15,499	\$-3,278	\$12,886	\$15,917	\$-3,031
Freight	7,155	3,770	3,385	8,132	3,446	4,686	7,449	3,571	3,878	6,761	3,501	3,260	7,359	3,812	3,547
Insurance	255	446	-191	259	442	-183	219	408	-189	239	360	-121	290	385	-95
Port fees	3,661	6,652	-2,991	4,792	7,254	-2,462	3,809	6,617	-2,808	3,454	6,253	-2,799	3,659	6,253	-2,594
Passenger fares	524	1,488	-964	548	1,713	-1,165	555	1,711	-1,156	551	1,704	-1,153	536	1,851	-1,315
Charter fees	1,136	4,696	-3,560	1,291	5,324	-4,033	1,106	4,340	-3,234	876	3,406	-2,530	761	3,229	-2,468
Ships	11,168	14,504	-3,336	13,320	15,448	-2,128	11,283	13,709	-2,426	10,075	13,562	-3,487	10,559	12,797	-2,238
Aircraft	1,568	2,384	-816	1,777	2,626	-849	1,806	2,612	-806	1,907	2,577	-670	2,037	2,755	-698
Travel	644	4,593	-3,949	735	4,616	-3,881	754	4,116	-3,362	825	4,428	-3,603	970	4,607	-3,637
Tourists	415	2,653	-2,238	465	2,553	-2,088	493	2,110	-1,617	575	2,310	-1,735	670	2,385	-1,715
Investment income	11,125	10,261	864	15,761	16,524	-763	18,320	16,602	1,718	15,601	12,519	3,082	18,768	14,537	4,231
Direct investment	1,340	531	809	1,440	624	816	1,589	597	992	2,040	986	1,054	2,201	773	1,428
Bond interest	815	500	315	976	592	384	1,268	668	600	1,386	816	570	1,614	1,052	562
Others	6,749	10,654	-3,905	7,931	13,760	-5,769	8,703	13,486	-4,783	8,940	14,247	-5,307	9,530	14,840	-5,310
Official	1,475	264	1,211	1,968	305	1,663	2,339	306	2,033	2,250	317	1,933	2,461	331	2,130
Private	5,274	10,390	-5,116	5,963	13,395	-7,432	6,364	13,180	-6,816	6,690	13,930	-7,240	7,069	14,509	-7,440
Management fees	573	1,190	-617	730	1,487	-757	854	1,708	-854	866	1,793	-907	1,107	1,859	-751
Patent royalties	354	1,328	-974	482	1,712	-1,230	559	1,754	-1,195	569	1,982	-1,413	695	2,274	-1,579
Other fees	2,020	4,147	-2,127	2,001	5,405	-3,404	1,913	4,991	-3,078	1,814	4,444	-2,630	2,027	4,701	-2,674
Advertising	*	504	-504	*	491	-491	*	536	-536	*	553	-553	*	629	-629
Film rentals	*	105	-105	*	79	-79	*	76	-76	*	145	-145	*	105	-105
Non-merchandise insurance	57	309	-252	38	280	-242	28	179	-205	255	183	-418	196	277	-473
Total	31,499	42,842	-11,343	39,783	53,356	-13,573	41,085	50,933	-9,848	37,587	46,693	-9,106	42,154	49,901	-7,747

* Included in "Other fees"

Source: Bank of Japan, Balance of Payments Monthly

Table 2: Japan's Service Trade with the United States

(in millions of dollars, IMF basis)

	1980			1981			1982			1983			1984		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Transportation	\$4,145	\$5,725	\$-1,580	\$4,754	\$5,361	\$-607	\$4,084	\$4,817	\$-733	\$3,870	\$4,443	\$-573	\$4,413	\$4,450	\$-37
Travel	264	1,787	-1,523	309	1,760	-1,451	302	1,576	-1,274	336	1,655	-1,319	392	1,761	-1,369
Investment income	3,332	2,931	401	4,719	3,936	783	5,940	3,800	2,140	4,282	3,002	1,280	5,023	3,644	1,379
Others	2,919	3,593	-674	3,774	4,432	-658	3,578	4,388	-810	4,074	5,346	-1,272	4,440	5,908	-1,468
Official	1,034	61	973	1,153	93	1,060	1,253	105	1,148	1,416	102	1,314	1,515	118	1,397
Private	1,885	3,532	-1,647	2,321	4,339	-1,018	2,325	4,283	-1,958	2,658	5,244	-2,586	2,925	5,790	-2,865
Total	10,660	14,036	-3,376	13,256	15,489	-2,233	13,904	14,581	-677	12,562	14,446	-1,884	14,268	15,763	-3,743

Source: Bank of Japan, Balance of Payments Monthly